

**MINUTES OF THE MEETING OF
THE OVERSIGHT COMMITTEE OF THE
LOCAL GOVERNMENT PROPERTY INSURANCE FUND**

Wednesday, November 12, 2003

**GEF Building
125 South Webster Street
Madison, WI 53702**

PRESENT: Kevin Houlihan
Eileen Mallow
Dan Bubolz
Phil Kress
Jane Kovacik
Peter Medley

GUESTS: Dave Marchant
Sharon Moody
Greg Grunow
Glinda Loving
Fed Haring – Conference Call

Eileen Mallow called the meeting to order at 9:05 A.M.

There was discussion of who made motions on behalf of Kevin Houlihan at the April 30, 2003 Oversight Committee meeting. He was not in attendance. Fred Haring indicated he would check with Vince Marchetti and see if he made the motions.

The approval of the previous minutes was tabled until further notice.

Dave Marchant reviewed financial reports for the fiscal year ending June 30, 2003 and the information he presented at the Advisory Committee meeting. There has been some growth in the Fund. Although Surplus decreased from the previous June 30, 2002 fiscal year end, Surplus has increased for the last three quarters. The effects of the rate increases implemented last year are now beginning to be realized and impact the financial statements.

Upon a motion made by Peter Medley and seconded by Philip Kress it was unanimously,

RESOLVED, to accept the Financial Report.

Peter Medley had questions regarding the ISO rates and the high cost of the service. Dan Bubolz indicated that he and Eileen Mallow are in discussions with ISO regarding their billing and services.

Dan presented a synopsis of the meeting he had with the representatives of ISO. He indicated that sometimes they seem to put the Fund's business aside, however, they are making efforts to correct the situation.

Fred Haring indicated they have had problems with ISO regarding the reporting of the required Annual Premium Reports. All commercial carriers report their premium on a calendar year basis using their Annual Statement results. ISO requires their Annual Premium Report be filed by May 1 each year. However, since the Fund's Fiscal Year and Annual Statement are based upon a July 1 to June 30 Fiscal Year ISO has in the past assessed a penalty for late reporting. So far we have been successful in getting the penalty waived but each year it seems to be a reoccurring problem.

Peter also had questions on loss ratios. It appears wind, hail and tornados have had a major effect in this situation. Dan Bubolz indicated the Fund has years of loss history for 72 Wisconsin counties however Fund does not report loss history ISO and that could have some bearing on that. Dan has asked ISO to give us the loss costs for all of our insureds for the last two years. He and Eileen are looking into this situation.

Kevin Houlihan reviewed the Advisory Committee meeting minutes and actions.

Dan Bubolz indicated he and Eileen Mallow will be meeting with American Appraisal on November 24, 2003 to discuss issues with service not being accurate or timely. The contract is currently on a yearly basis and OCI will look at the possibly of considering other vendors for the service if necessary.

Glinda Loving discussed the situation regarding American Appraisal and the problems Milwaukee Metro Sewer District is having. ASU renewed their policy in June and we still do not have accurate values for their December six month renewal. Glinda's biggest frustration is asking questions of AAA regarding the District's property values, their procedures and methods for determining, trending and updating these values and receiving unprofessional and untimely answers to those questions from AAA even after LGPIF's request for the same. OCI will advise the committee after they meet with American Appraisal.

Dan Bubolz reported that AAA, ASU and OCI are working on an electronic version of the SOV form. The city of Oshkosh has agreed assist with testing the prototype electronic form.

Fred Haring discussed the pilot Write Your Own Flood Program and the problems they have encountered with the pilot program. As the program is currently structured, most agree that it is a mess and unworkable until the program can offer blanket coverage for all public entity buildings since it only offers minimal coverage. For these reasons the Advisory Committee agreed not to pursue the project.

Dan Bubolz discussed the new Pinsoft software and indicated it looks very positive. Dave Marchant explained that this is windows based product and provides for easier processing, does more electronic functions, easier access to reports and is more efficient than the current software. They have written the conversions and will run parallel systems with Pro-Insure for a while.

A date for implementation has not been decided. OCI will own the license to the software. The license cost will be approximately \$120,000.

Dan Bubolz reported on the PML study. OCI has people who do the modeling with assistance from a broker. They want to look at the top 10 risks like Lambeau Field.

Dan Bubolz reported that an RFP to select a broker of record was issued on September 13, 2003. He indicated that in addition to the placement of the reinsurance they hope to receive other risk management services from the broker. The selection process should be completed by December.

Greg Grunow gave a synopsis of the information he provided at the Advisory Committee Meeting on the report for claims.

Sharon Moody gave a brief overview of the report for the Policy Services Departments along with revisions to the Valuation forms. Dan Bubolz wants ASU to go to insured's seminars to go over our policy and procedures.

Fred Haring gave an overview of the policy rewrite project. They took input from Advisory Committee members and plan to move the process next to the Policy and Claims Issues sub committee. Don Lafontaine and Julie Helt will be taking the places of Vince Marchetti and John Keller who resigned.

Eileen Mallow indicated that OCI is concerned about owned and non-owned property and how the policy is written. There are some governmental and public entities that we may not be able to write with the way the policy is written. There are also joint ventures to be considered. They are looking to evaluate the risk and possibly rate differently.

Fred Haring reported that at the Advisory Committee of October 29, 2003 April Zelinski advised that Dennis Tweedale is resigning and ASU is looking to replace him.

Dan Bubolz discussed the legislative bill that will be signed on November 20, 2003 allowing other governmental mutual carriers to write property insurance.

Kevin discussed the By-laws and how the Advisory Committee is comprised and that the committee member's terms are staggered. He indicated that April Zelinski did wonderful job of putting a model together.

Additional topics – Phil Kress provided information to Dan Bubolz on the new regulations for terrorism coverage. OCI has not made a final determination if it applies to the Fund. Insureds are now getting this coverage and our current reinsurance includes the coverage.

Dan Bubolz commented on the efforts to prioritize all of the projects on the table since the State is cutting resources. Some of the projects, such as the SOV electronic form, Pinsoft, and Milwaukee Metro underwriting issues continue to be high priority however some other projects may be postponed.

The next Oversight Committee meeting will be held on April 19, 2004 beginning at 9:00 AM. Location to be announced.

Upon a motion duly made by Philip Kress and support by Peter Medley it was unanimously

RESOLVED, that the meeting of the Oversight Committee is adjourned at 10:35 a.m.

Respectfully submitted,

Sharon Moody, Acting Secretary

Date

ATTEST:

Eileen Mallow, Chair.

Date